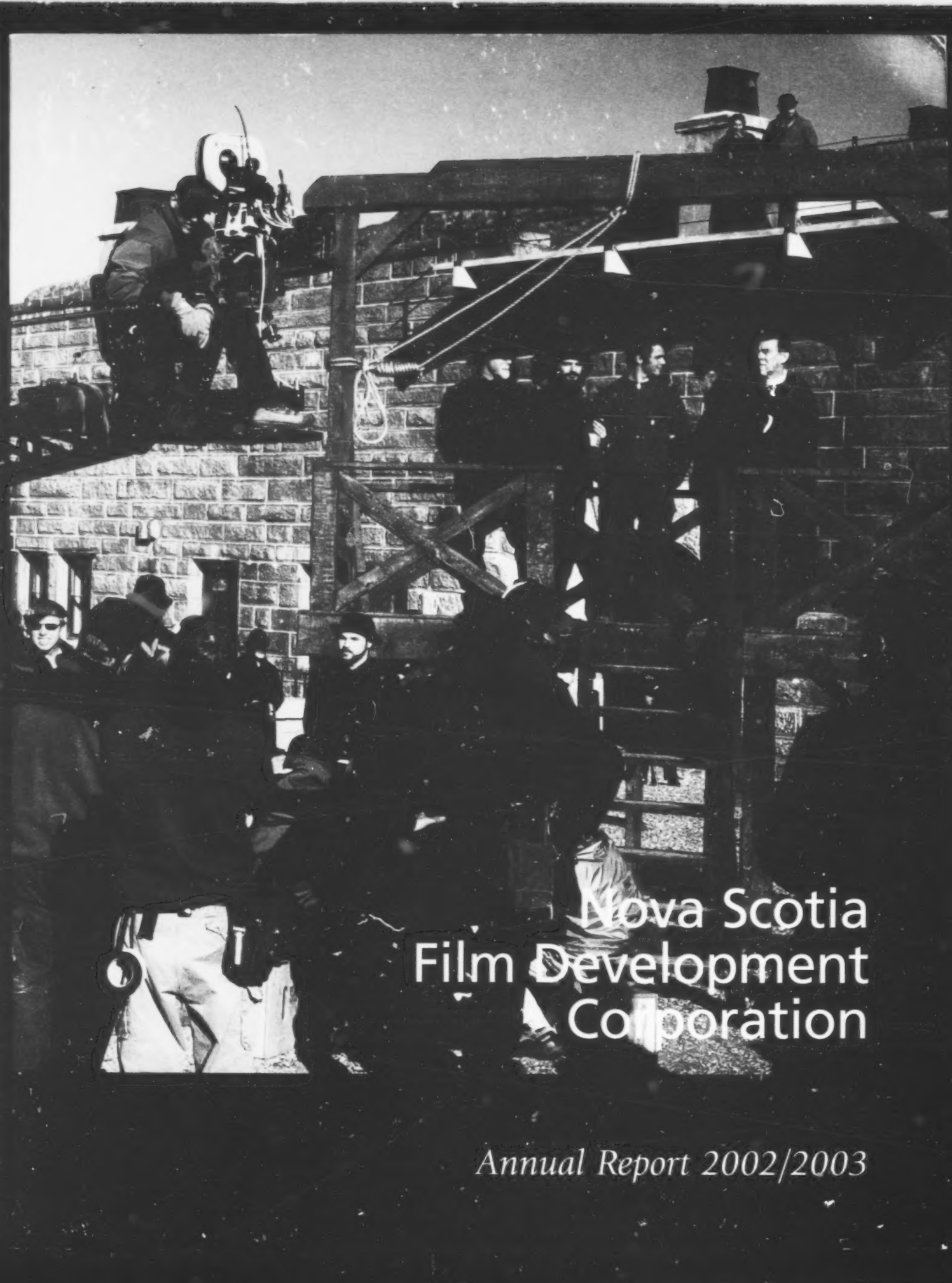

Nova Scotia Film Development Corporation

Annual Report 2002/2003

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Footsteps
Fox TV Pictures
Photo Credit: Chris Reardon

Cover Photo: Weight of Water
Photo Credit: Chris Reardon

Blessed Stranger: After Flight 111
Big Motion Pictures Ltd.

104-00591/

MESSAGE FROM THE MINISTER

ECONOMIC DEVELOPMENT

The film industry is fast becoming one of Nova Scotia's most promising sectors, outdoing its own performance year after year. The intense film activity of 2002-2003 described in the pages that follow, along with the high quality of industry achievements during the same period, illustrate the point.

Last year, the industry employed almost 2,000 Nova Scotians, returned more than $100 million to the province's economy for the fifth year in a row, garnered dozens of Gemini nominations, and capped it all off with an Academy Award.

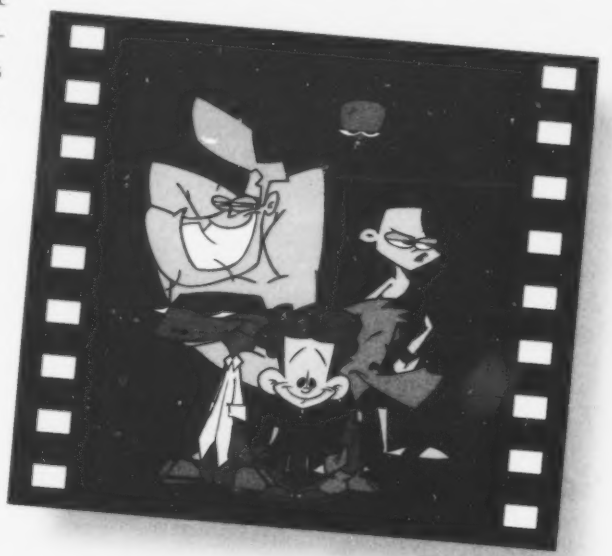
That's a hard act to follow. But with our growing cast of Hollywood celebrities and local talent, I am confident the industry's dedicated professionals will keep putting in a winning performance.

Nova Scotians should be proud and heartened about future prospects by the fact that the biggest economic contribution from the film industry continues to come from a strong base of local productions. The Nova Scotia Film Development Corporation (NSFDC) is a big part of the reason why: The Corporation's development and equity programs support the local businesses that keep our film industry going and growing.

The Film Corporation also works hard—and with extraordinary success—to attract guest productions to Nova Scotia. Both types of production are key to our film industry's health and stability, and to the thousands of jobs it creates and sustains.

The Government of Nova Scotia is pleased to offer the industry our continued partnership. Through the Film Corporation, we look forward to working together to promote our producers, productions, locations, skills, and creativity, at home and abroad. And we especially look forward to adding to the recognition the industry has earned for itself all across North America for its exceptional talents and commitment to excellence.

Cecil P. Clarke
Minister responsible for the
Nova Scotia Film Development Corporation



Olliver's Adventures
Collideascope Digital Productions Inc.

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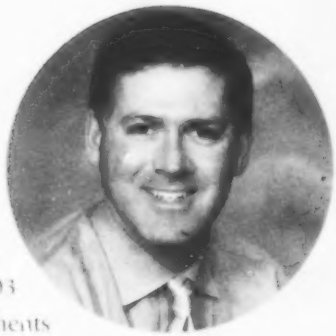
MESSAGE FROM THE MINISTER



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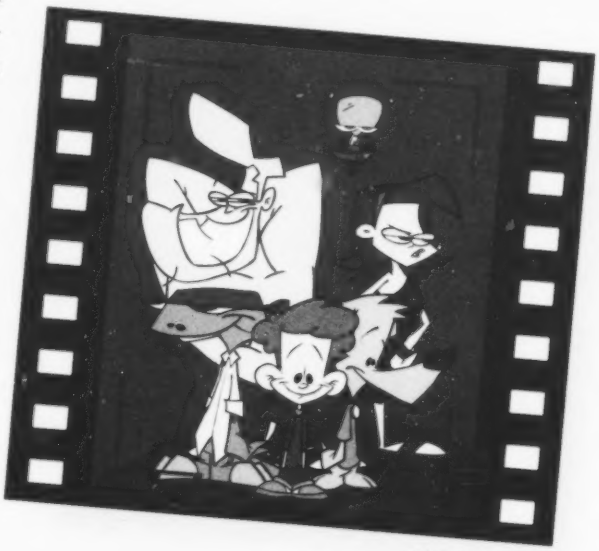
Minister responsible for the
Nova Scotia Film Development Corporation



Olliver's Adventures
Collideascope Digital Productions Inc.

MESSAGE FROM THE CHAIR

On behalf of the Board of Directors, I am pleased to present the Government and the people of Nova Scotia with the 2002-2003 Annual Report on the activities of the Nova Scotia Film Development Corporation.

The Nova Scotia Film Development Corporation's mandate is to grow Nova Scotia's film, video, and new media industries with its partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills and creativity in global markets. With production activity in the province of $120 million this year, we are proud to report that our goal is being met.

The film and television industry is increasingly becoming a global industry. To be competitive producers must not only create high quality programs, they must also sell these programs both nationally and internationally. In an effort to help Nova Scotia-based producers export their programs, the Corporation organized a film and television trade mission to Los Angeles. Over a three-day period Nova Scotia filmmakers showcased their works to an appreciative audience of broadcasters, distributors, and independent production companies.

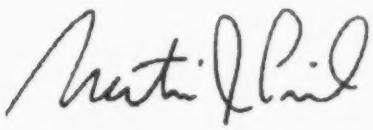
The film industry requires much collaboration on the part of all stakeholders and the public at large. In an effort to ensure the industry is able to capitalize on opportunities as they arise, as well as maintain the best interests of the residents of Nova Scotia, the NSFDC initiated the first Film Advisory Committee (FAC) with membership from the production community, unions & guilds, Halifax Regional Municipality, and suppliers. The FAC meets regularly to share information and address concerns.

The Corporation is proud to have sponsored the Atlantic Film Festival (AFF) and the REEL Black Film Night (RBFN) once again. With the number of international delegates increasing at the AFF each year, the festival provides valuable venues to showcase the work of Nova Scotia's filmmakers, offers professional development opportunities, and promotes the province. With each year the RBFN provides more individuals from underrepresented groups the opportunity to showcase their work, increasing the richness and diversity of films available to residents of Nova Scotia.

The growth in Nova Scotia's film industry could not have been achieved without the active support of the Government of Nova Scotia. The industry has received support and funding initiatives including direct investments in film projects, training programs, and infrastructure to sustain the industry such as the Film Industry Tax Credit, soundstages, and animation facilities. The Premier, the Honourable John Hamm, and the Minister of Economic Development, the Honourable Cecil P. Clarke, remain strong supporters of film, television, and new media with a commitment to vigorously promote Nova Scotia as a film, video, and multi-media production location.

The Board is proud of the CEO, Ann MacKenzie, and her team at the Nova Scotia Film Development Corporation. The level of activity in the film industry and community partnerships is a testament to their hard work and commitment to their clients.

To conclude, the Board of the Nova Scotia Film Development Corporation is proud to have worked with the many talented and committed people involved in growing our film and television industry and we are pleased to have been able to make a contribution of significance in the growth of the economy in Nova Scotia.



Martin Pink, QC
Chair, NSFDC

THE BOARD OF DIRECTORS

Martin Pink, Chair

Martin Pink, QC
Chair 2001-2003 and Director 2000, Yarmouth

Michael Condé, Director

Michael Condé
Director 2000 - 2003, Secretary, Halifax

Bruce MacDonald, Director

Bruce MacDonald
Director 2001 - 2003, Treasurer, Baddeck

Rita Lamontagne MacDonald, Director

Rita Lamontagne MacDonald
Director 2001 - 2003, Martin's Point

Ernest Dick, Director

Ernest Dick
Director 2002 - 2003, Granville Ferry

Paul MacKinnon, Director

Paul MacKinnon
Director 2002 - 2003, Halifax

Ken Eisner, Director

Ken Eisner
Director 2003, Truro

Chef at Large
Ocean Entertainment Ltd.

CONTRACTED PROJECTS MARCH 31, 2003

Summary - Program Funds Contracted & Tax Credits Finalized for the year ended March 31, 2003

Equity Investments	$2,123,554
Development Loans	$375,635
Special Projects	$113,500
Training Assistance Program	$19,654
Total Program funds	$2,632,343
Finalized Tax Credits	$8,853,464
Total Contracted Program Funds & Finalized Tax Credits	**$11,485,807**

Trailer Park Boys
Topsail Entertainment Ltd.

Production	Producer	Amount
Equity Investments Contracted March 31, 2003		
Chef at Large - Series II	Chef at Large Inc.	$100,000
Notes from the Underground	Zapruder Films Inc.	$6,400
Rideau Hall II	Topsail Entertainment Ltd.	$150,000
Rock and Desire	Flashfire Productions Inc.	$35,000
Sleep Murder	Big Motion Pictures Ltd.	$200,000
This Boy	Drinking Game Productions Ltd/ The Syndicate Film and Television Production Company	$20,000
Trailer Park Boys III	TPB III Productions Ltd.	$100,000
Tall Ship Chronicles Website	TSC Productions Ltd.	$50,000
Air Guitar in Oulu	Farmhouse Productions Ltd.	$28,890
The Drawing	Festina Lente Productions Ltd.	$32,000
DRUM!	Topsail Entertainment Ltd.	$150,000
Red Hot & Ready II	Red Hot Television Inc.	$87,000
Evil Schmeevel Online	Virtual Media Productions Ltd.	$25,835
Coast Guard Chronicles	Topsail Entertainment Ltd.	$22,448
Denise Djokic: Yesterday, Today, Tomorrow	Zapruder Films Inc.	$24,981
Diet of the Souls	Triad Film Productions Ltd.	$40,000
Fairy Folio	Ghostship Studios Inc.	$70,000
Hope for the Widow's Son	Arcadia Entertainment Inc.	$20,000
The Nevermind Year	Manifestation Television Inc.	$6,000
Poko	Salter Street Films Ltd.	$200,000
Shattered City: The Halifax Explosion	Salter Street Films Ltd.	$250,000
Topsy Turvy	Magic Cat Films & New Media Ltd.	$65,000
The Witness	The Koan Project Ltd.	$70,000
Beyond the Sea	Arcadia Entertainment Inc.	$60,000
The Event	3064303 Nova Scotia Ltd.	$100,000
Marion Bridge	Idlewild Films Ltd.	$140,000
Made in Canada	Salter Street Films Ltd.	$40,000
Quilts	Original Six Productions Inc.	$15,000
Back of the House	Neo-Pioneer Entertainment Inc.	$15,000
TOTAL		**$2,123,554**

Production	Producer	Amount
Development Loans Contracted March 31, 2003		
Deliah and Julius	Collideascope Digital Productions Inc.	$21,240
The Joshua Slocum Project	Second Wave Productions Inc.	$15,000
The Little Black Schoolhouse	Maroon Films Inc.	$10,000
Shattered City: The Halifax Explosion	Salter Street Films Ltd.	$25,000
Who's in Charge?	Flashfire Productions Inc.	$7,800
Table Hockey Online	Triad Film Productions Ltd.	$6,780
Bottled Science	Tri Media Production Services Ltd.	$5,000
Come Back Paddy Reilly	Palpable Productions Inc.	$15,000
Fairy Folio	Ghostship Studios Inc.	$10,000
Sam Langford	imX communications inc.	$10,000
Kanal Kampf	Schooner Productions Inc.	$20,000
All Fall Down	Creative Atlantic Communications Ltd.	$13,134
Ditch	Picture Plant Ltd.	$10,000
George and Rue	Picture Plant Ltd.	$15,000
Portland Street	Big Motion Pictures Ltd.	$5,000
Puck Bunny	Blue Squid Productions	$9,867
Trudeau II	Big Motion Pictures Ltd.	$25,000
The Witness	The Koan Project Ltd.	$5,376
Sea Hunters Shipwreck	Eco Nova Productions Ltd.	$10,000
Delilah and Julius	Collideascope Digital Productions Inc.	$19,800
Aggie@Agony.com	Post Partum Productions Inc./ Ocean Entertainment Ltd.	$5,400
Cheap Draft, Bad Language	The Monster Productions Inc.	$9,560
Closing Night	Topsail Entertainment Ltd.	$10,000
GOON	Idlewild Films Ltd.	$10,000
NS to New Zealand	Topsail Entertainment Ltd.	$6,628
Vaudevillian	Emotion Pictures Inc.	$15,000
World Heritage By The Sea	Maritime TV & Production Services	$7,950
Cheeseburgers, Guns	Manifestation Television Inc.	$3,250
Kitchen Music	Creative Atlantic Communications Ltd.	$9,100
Poor Boy's Game	Standing 8 Productions Inc.	$10,000
Rock Camp	Collideascope Digital Productions Inc.	$9,750
Crafty Cow	imX communications inc.	$20,000
TOTAL		**$375,635**

Special Projects Contracted March 31, 2003		
Program 5	Atlantic Filmmakers Cooperative	$45,000
Reel Black Film Night	Step Up Productions Inc.	$4,500
Film and Television Development Program	Moving Images Group	$15,000
Atlantic Film Festival	Atlantic Film Festival Society	$45,000
Scholarship/Mentorship Program	Centre for Art Tapes	$4,000
TOTAL		**$113,500**

Training Assistance Contracted March 31, 2003		
The Event	3064303 Nova Scotia Ltd.	$8,904
Rail Against the Machine	RAM Productions Inc.	$10,750
TOTAL		**$19,654**

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MESSAGE FROM THE CEO

Nova Scotia's film and television industry continued its solid performance in 2002-2003, achieving its fifth consecutive year with production spending exceeding the hundred-million-dollar mark.

The industry employed close to 2,000 Nova Scotians and spent $120 million directly in the province's economy. Of the $120 million, local production contributed $68 million while guest production contributed $52 million.

Nova Scotia boasts many talented filmmakers and the strong level of support provided by the Government of Nova Scotia enables them to create high quality programs for national and international audiences. On the feature film front, Salter Street Film's *Bowling For Columbine*, brought home Nova Scotia's first Academy Award for a producer. Feature films completed this year include the last of imX communications inc's digital film series: *Love That Boy*. The feature film *Marion Bridge*, based on a novel by Cape Breton writer Daniel MacIvor, was shot early in the year and screened at the prestigious Toronto International Film Festival in the fall and director Thom Fitzgerald completed the feature film *The Event* starring Olympia Dukakis, Sarah Polley, and Don McKellar.

Big Motion Pictures Inc's epic *Trudeau* television miniseries starring Colm Feore as Trudeau and directed by Jerry Ciccoritti won several Gemini Awards and the animated television series *Olliver's Adventures* won a Gemini as well. The third season of the hugely popular *Trailer Park Boys* was shot along with the comedic happenings of *Made in Canada* and *This Hour Has 22 Minutes*. Other television series include Rideau Hall — starring Bette MacDonald, the reality series Tall Ship Chronicles and the popular food shows *Chef at Large*, the *Food Hunter*, and *Red, Hot and Ready*. Television specials shot this past year include *Denise Djokic: Yesterday Today Tomorrow*, *The Nevermind Year*, and *Table Hockey*.

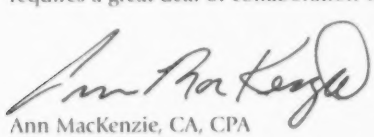
Nova Scotia's profile as a prime location for film shooting is growing. Guest productions brought an exciting collection of recognizable celebrities to the province this past year. The feature film *A Hole in One* from Beech Hill Films starred Michelle Williams of *Dawson's Creek* fame and musician-turned-actor Meatloaf. Movies for CBS, *The Christmas Shoes* and *Mafia Doctor*, featured Rob Lowe and Paul Sorvino respectively. Lifetime's movies *Homeless to Harvard*, *A Family's Decision*, and *Hunger Point* saw Thora Birch, Kathy Baker and Barbara Hershey enjoying Nova Scotia hospitality. Jane Seymour filmed *Heart of a Stranger* for Lifetime-Women's channel and Rosanna Arquette filmed Rush of Fear for Carlton America. The new year brought two new productions to Nova Scotia — *Martha Inc.*, a Martha Stewart biography starring Cybill Shepherd, and *Footsteps* starring Candice Bergen.

Guest productions shoot in Nova Scotia for the province's spectacular locations, experienced crews, broad infrastructure of sound stages, production and post-production houses, and equipment supply companies. Add to these competitive advantages the value of the Canadian dollar, the Film Industry Tax Credit, and the film development corporation's programs, and Nova Scotia offers a very attractive package.

The Corporation was pleased to partner with Empire Theatres to screen feature films on a quarterly basis at the Oxford Theatre, which is always a favorite of filmgoers. The screening nights attract large audiences and give local filmmakers an opportunity to show their works to a home audience that may not have had the opportunity to see the work before. As well, the screenings allow the public to experience some of the high-quality programs made possible by the Corporation's support.

Through the Nova Scotia Film Industry Tax Credit, Equity Investment, Development Loan, New Media, Sponsorships, Special Awards, Partnerships in Training, and Travel/Marketing Assistance programs, the Corporation and the Government of Nova Scotia are proud to be playing a role in the development of Nova Scotia's vibrant film industry.

It has been my pleasure this past year to work with Nova Scotia's many talented filmmakers, a supportive board of directors, provincial government, and the dedicated team members of the NSFDC. The film and television industry requires a great deal of collaboration on all fronts and Nova Scotia's community consistently meets this challenge.



Ann MacKenzie, CA, CPA
Chief Executive Officer

THE NOVA SCOTIA FILM DEVELOPMENT CORPORATION

The Corporation

Created in 1990, the Nova Scotia Film Development Corporation is a Provincial Crown Corporation reporting to the Minister of Economic Development. The mission of the Corporation is to grow Nova Scotia's Film, Video, and New Media Industries with our partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills, and creativity in global markets. The Corporation's vision is "Nova Scotia is entertaining and informing the world through traditional and new media."

Activities designed to assist the Corporation in achieving its goal of growing the film and television industry include:

- Assist and promote the development of the private-sector film, video, and new media industries in the Province in the areas of funding, marketing, promotion, training and education;
- Create and stimulate employment and investment and encourage the making of film, video, and new media productions in the Province;
- Assist and co-ordinate financial or other assistance by any departments, boards, commissions or agencies of the Province to the film, video, and new media industries in the Province and co-ordinate any financial or other assistance by any departments, boards, commissions or agencies from other jurisdictions to the film, video, and new media industries in the Province;
- Encourage and promote Public/Private partnership opportunities allowing Nova Scotia producers to access additional private sector funds.

A Board appointed by the Government of Nova Scotia directs the affairs of the Corporation. The administration of the Corporation and its programs and the implementation of the Board's decisions are carried out by the Chief Executive Officer and other full-time staff. The Corporation's budget covers administration and all of its industry development programs. In 2002-2003 the Corporation's total revenue was $2.7 million, of which $2.3 million was available for industry investment activities.

The Personnel

The Chief Executive Officer of the Corporation, Ann MacKenzie, who has been with the Corporation since 1997, administers the Corporation. The Chief Executive Officer reports to the Board and has chief responsibility for all film industry programs administered by the Corporation. A Director of Finance, a Program Administrator, and an Office Administrator assist the Chief Executive Officer with film investment/ incentive programs and other corporate initiatives. A Locations Officer and a Communications & Locations Assistant assist Ann in marketing Nova Scotia as a film location. The NSFDC team has expended a great deal of time and effort over the past year in creating a strong and cohesive team able to apply its considerable combined talents toward meeting the Corporation's objectives of growing the film, video, and new media industries in Nova Scotia. The current year results are just an indication of more to come.

Artist credit: Joel MacKenzie

NSFDC Team

Ann MacKenzie, Chief Executive Officer
Shelley Creighton, Director of Finance
Linda Wood, Program Administrator
Jennifer MacIntyre, Locations Officer
Chantelle White, Office Administrator
Melissa Hawkes, Communications & Locations Assistant

Growing the Film Industry in Nova Scotia

The Nova Scotia Film Development Corporation has two streams of programs designed to develop the film industry in Nova Scotia.

The Corporation's financial programs include equity investments, development loans, new media equity investments, the Bridge Award, travel/marketing assistance, partnerships in training, and sponsorships.

The second category of programs is aimed at guest filmmakers. The Locations Department promotes the Province as a place to film which results in co-productions or in attracting fully financed foreign films. The Locations Officer maintains an extensive library of photographs representing the entire Province and the Corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, location photographs and the much sought-after Nova Scotia Film and Video Production Guide. A high-quality informative guide to film and video production in the Province, the Guide is a key tool used by producers and production companies when considering shooting in Nova Scotia.

Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program. The film industry tax credit is a labour-based, fully refundable tax credit, which is available to local and guest producers.

Both investing in local filmmakers and locations marketing contribute to the development of a stable and expanding film industry in Nova Scotia.

Local Production

Film Industry Development Programs

The Nova Scotia Film Development Corporation administers several different economic incentive programs. These programs are accessible to Nova Scotia producers who may be acting alone or in co-productions with out-of-Province producers. In the 2002-2003 fiscal year, there were eight financial programs available for Nova Scotian producers: Equity Investment Program; Development Loan Program; New Media Equity Investment Program; CBC/NSFDC Bridge Award; Travel/Market Assistance Program; Nova Scotia Film Industry Tax Credit; Partnerships in Training Program; and Sponsorship Program. In 2002-2003, the Corporation had $2.3 million available for industry investment activities and producers accessed $8.9 million through the Nova Scotia Film Industry Tax Credit.

During the year, the Corporation financially supported 96 local projects, which generated $68 million of film activity in the province.

Equity Investment, New Media Investment & Development Loans

The Corporation will invest in a qualifying Nova Scotia production up to 40% of the production budget spent in the Province to maximum dollar participation per project of $250,000. This investment triggers other sources of financing and enables producers to make their films.

The Corporation provides equity investments up to one-third of the production budget spent in the Province to a maximum dollar participation per project of $30,000 for new media projects such as CD-ROM, DVD, and Internet-delivered programs that are related to film or television projects in which the Corporation has an Equity Investment.

The Corporation provides development loans of $15,000 per project to a maximum of one-third of the budget spent in the Province. These loans enable producers to develop their ideas to a stage where potential investors will be interested.

During the year the Corporation invested in two feature films, one television movie, seven television series, and sixteen television specials, and three new media projects. In addition, the Corporation supported the development of nine television series, eight feature films, eleven television specials, and four new media projects.

CBC/NSFDC Bridge Award

The Corporation is pleased to partner with CBC Television, Atlantic Region to offer the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $5,000 CBC broadcast licence, a $15,000 NSFDC equity investment and $10,000 in services from the CBC. Two Awards are offered each year in February.

Emerging film producers Margaret Harrison and Dugald McLaren each were awarded a $25,000 Bridge Award. Ms. Harrison produced *Quilts*, a half hour drama and Mr. McLaren produced the half hour comedy, *The Back of the House*.

Market Access

The Corporation sponsors key festivals and markets, works with Atlantic Canada Film Partners (ACFP) to increase the international profile of Atlantic Canada's film and television industry, and provides financial assistance to local filmmakers to attend markets and festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage. In addition, the Corporation regularly hosts Distributor and Broadcaster Forums to increase Nova Scotian filmmakers' access to key decision-makers. Funding for ACFP is provided by the Atlantic Canada Opportunities Agency on a cost-shared basis.

During the year the Corporation sponsored the following markets in various forms: Banff Television Festival, Toronto Film Festival, Cannes Film Festival, MIPCOM television market, Atlantic Film Festival, and Telefilm Canada Industry Immersion. The Corporation actively marketed its programs and the province's locations at the following events: Canadian Film & Television Production Association Conference, East Coast Music Awards, Cannes Film Festival, Hot Docs Canadian International Documentary Festival, Banff Television Festival, Toronto Film Festival, MIPCOM television market, Industry Immersion, the Atlantic Film Festival, and a Los Angeles trade mission. The Corporation provided financial assistance to 35 producers, with projects in which the Corporation has a financial interest, to attend relevant markets as follows:

Travel Market Assistance	# of Producers
Banff Television Festival	14
Hot Docs Canadian International Documentary Festival	4
MIPCOM television market	3
MIPTV television market	2
Telefilm Industry Immersion	2
Ottawa Animation Festival	1
NAPTE television market	1
World Congress of Science Producers	1
International Black Women's Festival	1
Bilbao Film Festival	1
Berlin Film Festival	1
Planet in Focus Festival	1
New York Independent Feature Film Market	1
South-by-South West Festival	1
Ecocinema Film Festival	1

Partnerships in Training

Through investment in the Atlantic Filmmaker's Cooperative and Centre for Art Tapes' Program 5, Nova Scotians gained access to on-set training opportunities and skill development workshops related to all major crew departments. As well, the program provided cross training opportunities for existing crewmembers.

Program 5 allowed four emerging teams of directors, writers and producers the opportunity to produce original work under the guidance of a host of mentors, teachers and managers. With the films routinely screening at the Atlantic Film Festival, the program is a launch pad for increasingly higher profile work.

Investment in the Moving Images Group professional development program resulted in the introduction of a series of new inter-disciplinary learning events as well as more traditional skill building opportunities.

THE NOVA SCOTIA FILM DEVELOPMENT CORPORATION

The Corporation

Created in 1990, the Nova Scotia Film Development Corporation is a Provincial Crown Corporation reporting to the Minister of Economic Development. The mission of the Corporation is to grow Nova Scotia's Film, Video, and New Media Industries with our partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills, and creativity in global markets. The Corporation's vision is "Nova Scotia is entertaining and informing the world through traditional and new media."

Activities designed to assist the Corporation in achieving its goal of growing the film and television industry include:

- Assist and promote the development of the private-sector film, video, and new media industries in the Province in the areas of funding, marketing, promotion, training and education;
- Create and stimulate employment and investment and encourage the making of film, video, and new media productions in the Province;
- Assist and co-ordinate financial or other assistance by any departments, boards, commissions or agencies of the Province to the film, video, and new media industries in the Province and co-ordinate any financial or other assistance by any departments, boards, commissions or agencies from other jurisdictions to the film, video, and new media industries in the Province;
- Encourage and promote Public/Private partnership opportunities allowing Nova Scotia producers to access additional private sector funds.

A Board appointed by the Government of Nova Scotia directs the affairs of the Corporation. The administration of the Corporation and its programs and the implementation of the Board's decisions are carried out by the Chief Executive Officer and other full-time staff. The Corporation's budget covers administration and all of its industry development programs. In 2002-2003 the Corporation's total revenue was $2.7 million, of which $2.3 million was available for industry investment activities.

The Personnel

The Chief Executive Officer of the Corporation, Ann MacKenzie, who has been with the Corporation since 1997, administers the Corporation. The Chief Executive Officer reports to the Board and has chief responsibility for all film industry programs administered by the Corporation. A Director of Finance, a Program Administrator, and an Office Administrator assist the Chief Executive Officer with film investment/ incentive programs and other corporate initiatives. A Locations Officer and a Communications & Locations Assistant assist Ann in marketing Nova Scotia as a film location. The NSFDC team has expended a great deal of time and effort over the past year in creating a strong and cohesive team able to apply its considerable combined talents toward meeting the Corporation's objectives of growing the film, video, and new media industries in Nova Scotia. The current year results are just an indication of more to come.

NSFDC Team

Ann MacKenzie, Chief Executive Officer
Shelley Creighton, Director of Finance
Linda Wood, Program Administrator
Jennifer MacIntyre, Locations Officer
Chantelle White, Office Administrator
Melissa Hawkes, Communications & Locations Assistant

Growing the Film Industry in Nova Scotia

The Nova Scotia Film Development Corporation has two streams of programs designed to develop the film industry in Nova Scotia.

The Corporation's financial programs include equity investments, development loans, new media equity investments, the Bridge Award, travel/marketing assistance, partnerships in training, and sponsorships.

The second category of programs is aimed at guest filmmakers. The Locations Department promotes the Province as a place to film which results in co-productions or in attracting fully financed foreign films. The Locations Officer maintains an extensive library of photographs representing the entire Province and the Corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, location photographs and the much sought-after Nova Scotia Film and Video Production Guide. A high-quality informative guide to film and video production in the Province, the Guide is a key tool used by producers and production companies when considering shooting in Nova Scotia.

Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program. The film industry tax credit is a labour-based, fully refundable tax credit, which is available to local and guest producers.

Both investing in local filmmakers and locations marketing contribute to the development of a stable and expanding film industry in Nova Scotia.

Local Production

Film Industry Development Programs

The Nova Scotia Film Development Corporation administers several different economic incentive programs. These programs are accessible to Nova Scotia producers who may be acting alone or in co-productions with out-of-Province producers. In the 2002-2003 fiscal year, there were eight financial programs available for Nova Scotian producers: Equity Investment Program; Development Loan Program; New Media Equity Investment Program; CBC/NSFDC Bridge Award; Travel/Market Assistance Program; Nova Scotia Film Industry Tax Credit; Partnerships in Training Program; and Sponsorship Program. In 2002-2003, the Corporation had $2.3 million available for industry investment activities and producers accessed $8.9 million through the Nova Scotia Film Industry Tax Credit.

During the year, the Corporation financially supported 96 local projects, which generated $68 million of film activity in the province.

Equity Investment, New Media Investment & Development Loans

The Corporation will invest in a qualifying Nova Scotia production up to 40% of the production budget spent in the Province to maximum dollar participation per project of $250,000. This investment triggers other sources of financing and enables producers to make their films.

The Corporation provides equity investments up to one-third of the production budget spent in the Province to a maximum dollar participation per project of $30,000 for new media projects such as CD-ROM, DVD, and Internet-delivered programs that are related to film or television projects in which the Corporation has an Equity Investment.

The Corporation provides development loans of $15,000 per project to a maximum of one-third of the budget spent in the Province. These loans enable producers to develop their ideas to a stage where potential investors will be interested.

During the year the Corporation invested in two feature films, one television movie, seven television series, and sixteen television specials, and three new media projects. In addition, the Corporation supported the development of nine television series, eight feature films, eleven television specials, and four new media projects.

CBC/NSFDC Bridge Award

The Corporation is pleased to partner with CBC Television, Atlantic Region to offer the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $5,000 CBC broadcast licence, a $15,000 NSFDC equity investment and $10,000 in services from the CBC. Two Awards are offered each year in February.

Emerging film producers Margaret Harrison and Dugald McLaren each were awarded a $25,000 Bridge Award. Ms. Harrison produced *Quilts*, a half hour drama and Mr. McLaren produced the half hour comedy, *The Back of the House*.

Market Access

The Corporation sponsors key festivals and markets, works with Atlantic Canada Film Partners (ACFP) to increase the international profile of Atlantic Canada's film and television industry, and provides financial assistance to local filmmakers to attend markets and festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage. In addition, the Corporation regularly hosts Distributor and Broadcaster Forums to increase Nova Scotian filmmakers' access to key decision-makers. Funding for ACFP is provided by the Atlantic Canada Opportunities Agency on a cost-shared basis.

During the year the Corporation sponsored the following markets in various forms: Banff Television Festival, Toronto Film Festival, Cannes Film Festival, MIPCOM television market, Atlantic Film Festival, and Telefilm Canada Industry Immersion. The Corporation actively marketed its programs and the province's locations at the following events: Canadian Film & Television Production Association Conference, East Coast Music Awards, Cannes Film Festival, Hot Docs Canadian International Documentary Festival, Banff Television Festival, Toronto Film Festival, MIPCOM television market, Industry Immersion, the Atlantic Film Festival, and a Los Angeles trade mission. The Corporation provided financial assistance to 35 producers, with projects in which the Corporation has a financial interest, to attend relevant markets as follows:

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Berlin Film Festival	1
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New York Independent Feature Film Market	1
South-by South West Festival	1
Ecocinema Film Festival	1

Partnerships in Training

Through investment in the Atlantic Filmmaker's Cooperative and Centre for Art Tapes' Program 3, Nova Scotians gained access to on-set training opportunities and skill development workshops related to all major crew departments. As well, the program provided cross training opportunities for existing crewmembers.

Program 3 allowed four emerging teams of directors, writers and producers the opportunity to produce original work under the guidance of a host of mentors, teachers and managers. With the films routinely screening at the Atlantic Film Festival, the program is a launch pad for increasingly higher profile work.

Investment in the Moving Images Group professional development program resulted in the introduction of a series of new inter-disciplinary learning events as well as more traditional skill building opportunities.

The FirstWorks Program© travels throughout the province offering hands-on production experience to people between the ages of 18-29. A team of eight is partnered with a successful filmmaker for an 8-week period in which they write, produce, and direct an original video work. In addition, participants develop the life/work skills necessary for development in this industry.

The FirstWorks Program© is available as a turnkey package for licensing by interested groups or organizations.

The Corporation provided financial assistance to recipients of a National Screen Institute Drama prize, two producers to participate in the National Screen Institute Global Marketing Program, one producer to participate in a Bell New Media Workshop, and one producer to attend the Alliance Atlantis Banff Television Executive Program.

Sponsorships

The Atlantic Film Festival - The Atlantic Film Festival hosts public screenings of current films for adults and children, competitions, workshops, and seminars that assist in the development of the industry. Each year, work from around the world is showcased, but most importantly, works by Nova Scotian filmmakers are featured. This offers local audiences an opportunity to see original films by the region's up-and-coming talent. The Corporation views the Atlantic Film Festival as an important development and showcase opportunity for the Nova Scotia film industry and is, therefore, pleased to partner with the festival.

Reel Black Film Night - Reel Black Film Night celebrates short films made by black filmmakers from across Canada. The event, hosted at Halifax's prestigious Oxford Theatre, features both emerging and established directors. By showcasing the work of local and national filmmakers, the film night aspires to encourage more people from underrepresented communities to take the plunge into the wonderful art form called filmmaking.

Locations Department

Locations marketing activities carried out by the Corporation resulted in foreign production activity in the province of $52 million.

Location Services

Location Services include complete script breakdown service with locations provided from the Corporation's library of over 5,000 images of the province. Clients who visit the province are provided the services of an experienced location manager who facilitates the scout on behalf of the NSFDC.

The Locations & Marketing Department responded to over 80 location requests based on scripts or location breakdowns and over 150 general inquiries into the province in 2002-2003. The Department maintains ongoing relationships with numerous studio executives and key decision-makers.

The world is discovering all that Nova Scotia has to offer through diversity of landscapes, cultures, and people. The following table highlights the service and guest productions that took place in Nova Scotia in fiscal 2002-2003.

Guest Production Filmed March 31, 2003

Feature Films	A Hole in One	Beech Hill Films
Movies of the Week (MOWs)	A Family's Decision	Lifetime
	The Christmas Shoes	CBS
	Rush of Fear	Carlton America
	Heart of a Stranger	Lifetime
	Mafia Doctor	CBS
	Hunger Point	Lifetime
	Homeless to Harvard: The Liz Murray Story	Lifetime
	Martha Inc.	NBC
	Footsteps	Fox
Commercials	Nissan	Blink Pictures
	Keith's Beer	Radke Films
	Ford Escape	Crossroads Films

Marketing

The Locations & Marketing Department manages the development of the annual Nova Scotia Film and Video Production Guide. 2,500 copies of the guide are distributed to local and guest production companies. The guide is used as the key fulfillment piece for all requests pertaining to location shooting in the province, both direct requests and those generated from festivals and markets.

As a member of the Association of Film Commissioners International (AFCI), the Department attends the annual Location Expo in Santa Monica, California. In addition, the Department coordinates the Corporation's presence at other key festivals and markets such as the Banff Television Festival and the Cannes Film Market. The Corporation partners with Telefilm Canada, the Canadian Film and Television Production Association, the Department of Foreign Affairs, and other provincial funding agencies to host a Canadian Pavilion at four key markets including the Cannes Film Market, NATPE, MIP-TV, and MIPCOM. This pavilion serves as a business centre for Canadian producers to facilitate sales and future business activities.

The Corporation organized a Trade Mission to Los Angeles in conjunction with the Canadian Consulate. Eight Nova Scotian producers attended the Mission and met with LA-based broadcasters, distributors, studios, and independent production companies.

The Locations and Marketing Department coordinated the Corporation's marketing activities, including advertising in key industry publications. In 2002-2003, the Department also coordinated the enhancement of the Corporation's Website.

The Corporation is a partner with New Brunswick, Newfoundland, and Prince Edward Island in the Atlantic Canada Film Partners. This partnership, sponsored by the Atlantic Canada Opportunities Agency, is designed to increase the profile of Atlantic Canadian film and television productions in the International marketplace.

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The Corporation is a partner with New Brunswick, Newfoundland, and Prince Edward Island in the Atlantic Canada Film Partners. This partnership, sponsored by the Atlantic Canada Opportunities Agency, is designed to increase the profile of Atlantic Canadian film and television productions in the International marketplace.

Industry Relations

The Locations & Marketing Department facilitated the creation of the Film Advisory Committee (FAC), a public-private sector partnership between the NSFDC, several labour unions, and other industry personnel. The purpose of this committee is to provide a formal vehicle through which government and industry can work together to address opportunities and issues in the industry as they arise, particularly in regard to guest production.

Nova Scotia Film Industry Tax Credit

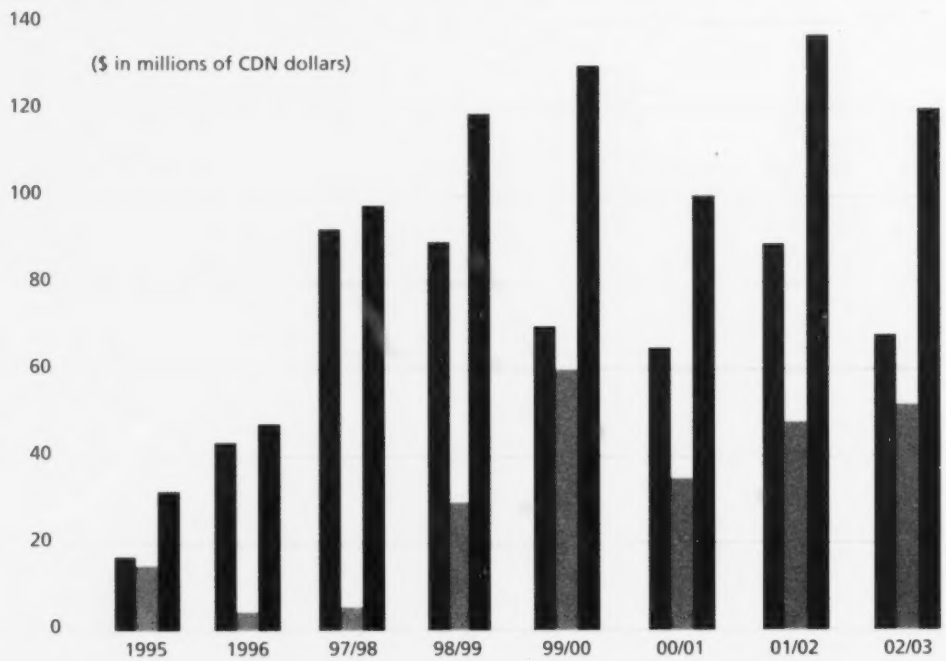
The Nova Scotia Film Industry Tax Credit is a refundable corporate tax credit designed to encourage film and television production in Nova Scotia. The Film Industry Tax Credit is a key financing tool for local productions and serves as an incentive in attracting guest productions to the province. Production companies employing Nova Scotians are eligible to claim a percentage of Nova Scotia labour that is directly attributable to the production. A regional bonus is available for productions occurring outside the Metro Halifax area.

For the period April 1, 2002 to March 31, 2003, 39 tax credit certificates, totaling $8.85 million, were issued for film and television productions.

Finalized Nova Scotia Film Industry Tax Credits
April 1, 2002 – March 31, 2003

Format	# Of Projects	Tax Credit
TV Series	18	6,034,416
Feature Films	2	1,179,693
TV Movies	3	1,096,138
TV Documentary	7	315,000
TV Special	7	220,038
Other	2	8,179
Total	**39**	**8,853,464**

Growth of Nova Scotia Film Industry from 1995–2003



Nova Scotia	vs.	Guest*
95 = 17	vs..	15
96 = 43.3	vs.	4.3
97/98 = 92.5	vs.	5.4
98/99 = 89.5	vs.	29.5
99/00 = 70	vs.	60
00/01 = 65	vs.	35
01/02 = 89	vs.	48
02/03 = 68	vs.	52

Nova Scotia
Guest
Total

Source: Nova Scotia Film Development Corporation

*Please note that "Guest" production refers to Non-Nova Scotia projects filmed in Nova Scotia

AUDITOR'S REPORT

AUDITORS' REPORT

Levy
Casey
Carter
MacLean
Chartered Accountants

TO THE MEMBERS OF THE BOARD OF THE NOVA SCOTIA FILM DEVELOPMENT CORPORATION:

We have audited the statement of financial position of the Nova Scotia Film Development Corporation as at March 31, 2003 and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

C. Ross Casey Inc.
Terry Carter Ltd.
Stuart S. MacLean Inc.
J.E. Melvin Inc.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and the cash flows for the year then ended in accordance with the accounting policies as outlined in Note 2 to the financial statements.

Halifax, Nova Scotia
May 28, 2003

LEVY CASEY CARTER MACLEAN
CHARTERED ACCOUNTANTS

Page 1

58 Bedford Highway
Fairview Cove
Halifax, Nova Scotia
B3M 2J2
Phone: (902) 445-4446
Fax: (902) 443-4848

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2003

ASSETS

	2003	2002
Current		
Cash and short term investments	$ 1,339,928	$ 1,807,209
Other receivables	185,811	98,682
Prepaid expenses	35,120	14,098
	$ 1,560,859	$ 1,919,989
LIABILITIES		
Current		
Payables and accruals, trade	$ 69,504	$ 16,901
Deferred revenue	69,839	18,472
	139,343	35,373
FUND BALANCES		
Unrestricted	-	84,731
Committed	1,421,516	1,799,885
	1,421,516	1,884,616
	$ 1,560,859	$ 1,919,989

Contingent commitments - $1,421,516 (2002 - $1,799,885)

Approved on behalf of the Board

Chair

Member

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2003

ASSETS

	2003	2002
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Approved on behalf of the Board

Chair

Member

Mafia Doctor
CBS
Photo Credit: Chris Reardon

Bowling for Columbine
Salter Street Films Ltd

The Event
Emotion Pictures Inc.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2003

	General Fund	MTT New Media Fund	Total 2003	Total 2002
Revenue				
Contributions from the Department of Economic Development (note 4)	$ 2,388,700	$ -	$ 2,388,700	$ 2,529,125
Recovery of equity investments and development loans (notes 6 & 7)	144,718	2,775	147,493	126,075
First Works	70,889	-	70,889	85,403
Interest and other income	78,646	6,283	84,929	135,502
	2,682,953	9,058	2,692,011	2,876,105
Expenditures				
Equity investments (note 6)	1,832,522	-	1,832,522	1,586,399
Project development loans (note 7)	291,862	-	291,862	173,364
Special projects	229,036	-	229,036	260,370
Training assistance	37,923	-	37,923	279,167
First Works	99,646	-	99,646	47,158
New Media	-	133,897	133,897	28,763
Advertising and marketing	154,330	-	154,330	116,667
Administrative expenses	375,895	-	375,895	371,898
	3,021,214	133,897	3,155,111	2,863,786
Excess (deficit) of revenues over expenditures	(338,261)	(124,839)	(463,100)	12,319
Fund balances, beginning of year	1,495,080	389,536	1,884,616	1,872,297
Interfund transfers (note 5)	264,697	(264,697)	-	-
Fund balances, end of year	$ 1,421,516	$ -	$ 1,421,516	$ 1,884,616

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2003

	General Fund	MTT New Media Fund	Total 2003	Total 2002
Revenue				
Contributions from the Department of Economic Development (note 4)	$ 2,388,700	$ -	$ 2,388,700	$ 2,529,125
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	2,682,953	9,058	2,692,011	2,876,105
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Special projects	229,036	-	229,036	260,370
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First Works	99,646	-	99,646	47,158
New Media	-	133,897	133,897	28,763
Advertising and marketing	154,330	-	154,330	116,667
Administrative expenses	375,895	-	375,895	371,898
	3,021,214	133,897	3,155,111	2,863,786
Excess (deficit) of revenues over expenditures	(338,261)	(124,839)	(463,100)	12,319
Fund balances, beginning of year	1,495,080	389,536	1,884,616	1,872,297
Interfund transfers (note 5)	264,697	(264,697)	-	-
Fund balances, end of year	$ 1,421,516	$ -	$ 1,421,516	$ 1,884,616

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant accounting policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.

b) The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles except for the following items:

i) Program loans and equity participation are charged to current expenditures as disbursed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

ii) Capital asset acquisitions are recorded as current expenditures.

iii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2003, the Corporation is contractually committed to advance funds totaling $1,421,516 (2002 - $1,799,885) as investments and loans in respect of current and future projects.

4. Costs Paid by the Province of Nova Scotia

During the year, services were provided to the Corporation by government departments, the estimated amounts are as follows:

	2003	2002
Legal services	$ 60,000	$ 76,284
Rent	25,000	30,000
	$ 85,000	$ 106,284

The cost of these services is not reflected in these financial statements.

5. MTT New Media Fund

The Corporation and Maritime Tel & Tel (MTT) entered into an agreement on August 18, 1997 for the purpose of assisting the Corporation's mandate to develop Nova Scotia film, video and multi-media productions. MTT agreed to contribute $400,000 over three years (1998 - $75,000; 1999 - $150,000; 2000 - $175,000) which was matched by the Corporation. During the year, the balance of the MTT New Media Fund was transferred to the General Fund as the agreement between the Corporation and Maritime Tel & Tel has expired.

6. Equity investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received $83,513 (2002 - $108,335). The total of equity investments of the Corporation to March 31, 2003 is $20,695,788. As at March 31, 2003, $1,081,086 has been recouped.

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2003 were $1,850,714 (2002 - $1,599,509). Development loans of $63,979 (2002 - $17,741) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The Public Service Superannuation Fund is administered by the Department of Finance. During the year, the Corporation contributed $13,951 to the fund.

9. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Corporation. The Corporation is dependent on the Department of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

10. Comparative Figures

Certain of the comparative figures are restated to conform with current year's presentation.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant accounting policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.

b) The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles except for the following items:

i) Program loans and equity participation are charged to current expenditures as disbursed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

ii) Capital asset acquisitions are recorded as current expenditures.

iii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2003, the Corporation is contractually committed to advance funds totaling $1,421,516 (2002 - $1,799,885) as investments and loans in respect of current and future projects.

4. Costs Paid by the Province of Nova Scotia

During the year, services were provided to the Corporation by government departments, the estimated amounts are as follows:

	2003	2002
Legal services	$ 60,000	$ 76,284
Rent	25,000	30,000
	$ 85,000	$ 106,284

The cost of these services is not reflected in these financial statements.

5. MTT New Media Fund

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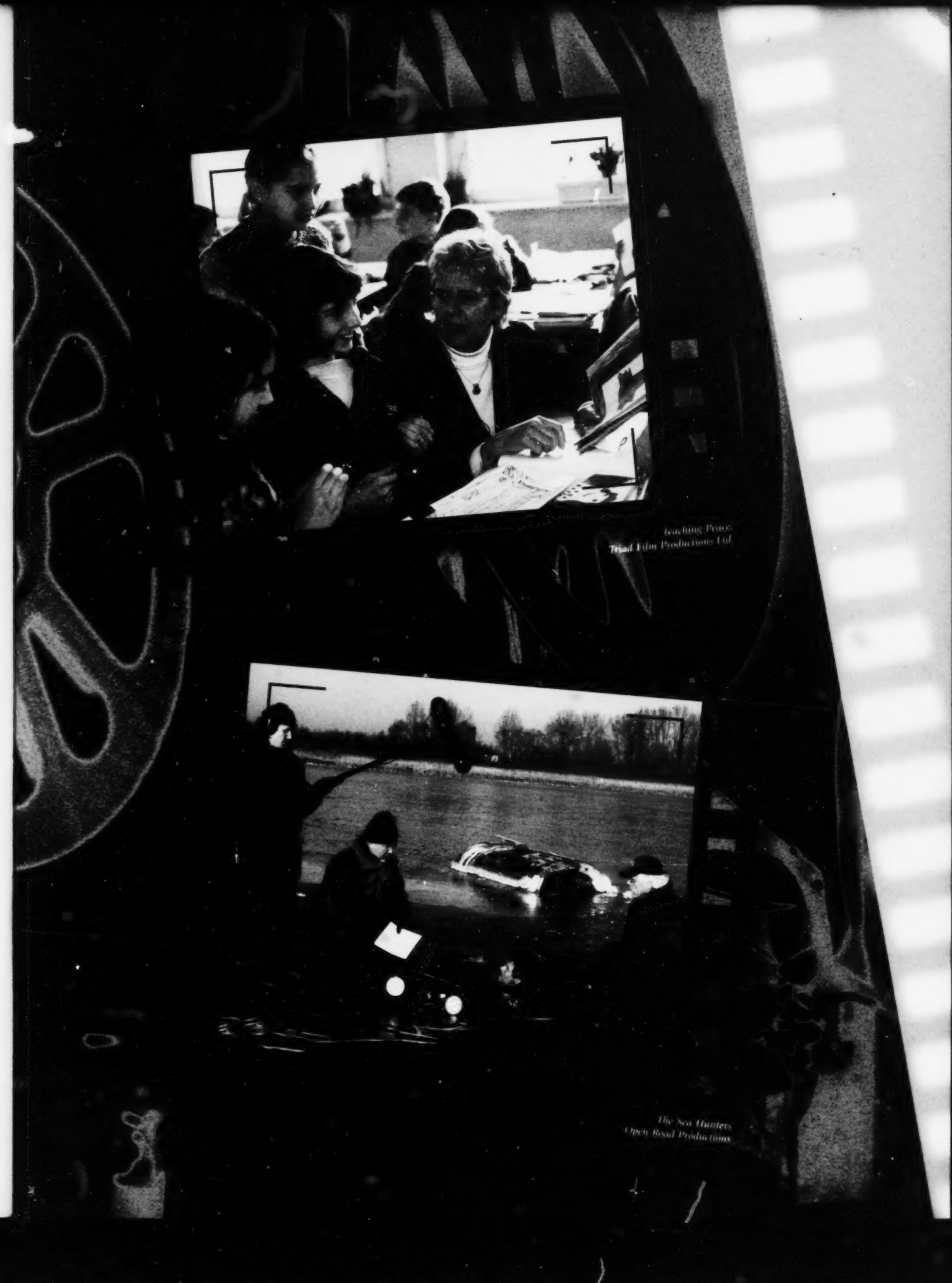
Blessings
CBS
Photo Credit: Chris Reardon

Secrets of the Sea
Arcadia Entertainment Inc.

Sleep Murder
Big Motion Pictures Ltd.



Teaching Peace
Triad Film Productions Ltd.

The Sea Hunters
Open Road Productions

Blessings
CBS
Photo Credit: Chris Reardon

Secrets of the Sea
Arcadia Entertainment Inc.

Sleep Murder
Big Motion Pictures Ltd

Teaching Peace,
Road Film Productions Ltd.

The Sea Hunters
Open Road Productions

Nova Scotia
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Corporation

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